THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce, Community, and Economic Development
ALCOHOL & MARIJUANA CONTROL OFFICE
550 West Seventh Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

MEMORANDUM

Enlighten Extracts, a Marijuana Product Manufacturing Facility is requesting approval of its updated operating plan. Summary of changes are outlined on page 2 of MJ-15 form.

The Licensee is requesting to "purchase marijuana or marijuana products in bulk from other licensed facilities and then re-packaged the bulk marijuana or marijuana products into appropriate unit sizes for direct consumer sale in accordance with either the transferring licensed facility's operating plan..."

The licensee is not manufacturing a product by repackaging and labeling bulk marijuana. The privileges and acts prohibited for a product manufacturing license are listed out in Alaska Administrative Code: 3 AAC Article 5.

3 AAC §§ 306.505, 515, 565 and 570 are listed below and they do not include packaging, labeling or sale of bulk marijuana by a product manufacturing facility to a retail store or for direct consumer sales.

1. 3 AAC 306.505 (3)(B) lists product manufacturing facilities privileges
    a. 1.They may package, label and store <u>marijuana products</u>, and product intended for consumption or use on the body that is <u>comprised of marijuana and other ingredients</u>.
        i. The regulation does not specifically grant privileges to licensees to package, label, and store bulk marijuana specifically, only marijuana product and marijuana mixed with other ingredients.

2. 3 AAC 306.505 (4) lists that product manufacturing facilities privileges
    a. They may sell, distribute or deliver <u>marijuana extract or any marijuana product only</u> to a licensed retail marijuana store or to another licensed marijuana product manufacturing facility.
        i. This regulation does not specifically grant privileges to sell distribute or deliver bulk marijuana to a licensed retail store or other product manufacturing facility, only extract and product.

3. 3 AAC 306.515(2) lists privileges set forth for concentrate manufacturing facilities.
    a. They may not sell, distribute, or deliver a marijuana product <u>other than concentrate</u> to a retail store or other product manufacturing facility.
        i. The regulation does not grant privileges to licensees to sell, distribute, or deliver a marijuana product other than marijuana concentrate to a retail marijuana store or to another marijuana product manufacturing facility.

4. 3 AAC 306.565(c) lists packaging requirements for product manufacturing facilities.
    a. A licensed marijuana product manufacturing facility may transfer marijuana concentrates in wholesale packages not to exceed 10 pounds to another licensed marijuana product manufacturing facility or a licensed retail
        i. The regulation does not mention bulk marijuana

5. 3 AAC 306.570- lists label requirements for product manufacturing facility.
    a. Labeling requirements list "marijuana products" specifically.
    b. Discusses, edibles, concentrates and products, specifically in a,b,c (regulations listed above) but does not authorize the distribution of bulk marijuana.

Enforcement Opinion:

See attached memo from Chief Hoelscher, Enforcement Supervisor

Licensing Opinion:

The licensee is requesting to repackage and label bulk marijuana for sale to retail establishments as explained above. It is the opinion of staff that regulations currently prohibit this action.

However Licensing staff believes this situation is not unique and should be addressed as a regulations project to allow cultivation licensees a more streamlined process from seed to sale, especially as the marijuana industry grows and federal legalization begins. A "Distributors" license, for example, would allow cultivators, especially off-road system facilities, to have their products delivered to the distributor in bulk, packaged there and sent to retail for sale; thereby lowering overall travel and packaging costs. This would allow for the legal and properly regulated distribution of marijuana and marijuana products within the state while promoting local economy and public safety by allowing fewer opportunities for a diversion of marijuana or marijuana product.

Another project that would go hand-in-hand with a Distributors license would be to support the regulation of importation and exportation of marijuana and marijuana products, since the residency requirement for ownership in a marijuana license will be moot upon federal legalization, and regulation of importation and exportation could prevent or at least control the number of out of state companies, marijuana and marijuana products coming to Alaska.

Staff requests the Board to provide guidance in this situation and the consideration of this MJ-15.

Randi Baker, Occupational Licensing Examiner; Carrie Craig, Records and Licensing Supervisor and James Hoelscher, Enforcement Supervisor all contributed to the creation of this memo.